

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 IO-13 COA-02 L-03 EB-11 COME-00 INT-08

OMB-01 TRSE-00 CG-00 CIAE-00 DODE-00 INR-10 NSAE-00

PA-03 RSC-01 USIA-15 PRS-01 AID-20 IGA-02 SS-15 H-03

NSC-10 DRC-01 TAR-02 STR-08 MC-02 /152 W

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R 051258Z SEP 73

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 8502

INFO AMEMBASSY LIMA

AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 4612

E.O. 11652: GDS

TAGS: EFIS, EC

SUBJECT: ECUADOREAN REACTION TO NOTIFICATION UNDER FPA

REF: STATE 164654.

SUMMARY. GOE HAS NOT YET MADE ANY PUBLIC STATEMENTS ON NOTIFICATION, AND IS AWAITING INDICATIONS US IS NOT PREPARED TO MAKE MAJOR STEP TOWARD REMOVING SANCTIONS BEFORE PUBLIC DENUNCIATION OF NOTIFICATION. FONOFF SUBSECRETARY MONCAYO DISCUSSED MATTER WITH CHARGE, REITERATING GOE POSITION THAT US MUST ELIMINATE SANCTIONS BEFORE WAY OPEN TO DISCUSSION OF FISHERIES DISPUTE. NEW FISHING LAW, WHICH HAD BEEN HELD UP AT FONOFF REQUEST TO AVOID POTENTIAL PROBLEMS WITH US, MAY BE NEAR ISSUANCE. END SUMMARY.

1. FONOFF SECRETARY JAIME MONCAYO RECEIVED CHARGE MORNING AUGUST 31 TO DISCUSS FISHING ISSUE AND NOTIFICATION PROCEDURE. IN MEETING MONCAYO DID NOT TAKE INITIATIVE TO DEFEND GOE POSITION, BUT CALMLY DISCUSSED GOE REACTION TO NOTIFICATION. WHEN ASKED WHY NOTIFICATION HAD APPARENTLY CONFIDENTIAL

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BEEN SUCH A SURPRISE TO GOE, HE SAID THAT, ON BASIS OF AMBASSADOR QUEVEDO'S AND PRESS REPORTS THAT CONGRESS WAS ABOUT TO ABOLISH ALL THOSE SANCTIONS WHICH ECUADOR FOUND INTOLERABLE, GOE HAD DEVELOPED HIGH EXPECTATIONS THAT ALL

MAJOR OUTSTANDING ISSUES WITH US WERE ABOUT TO DISAPPEAR. THESE HOPES WERE DASHED WITH HOUSE VOTE REINSTATING SANCTIONS, AND WHEN THIS WAS SHORTLY FOLLOWED BY NOTIFICATION, LATTER WAS SEEN AS A CONSCIOUS DECISION BY US TO REVERT TO SANCTIONS.

2. CHARGE SAID THAT LACK OF PUBLICITY ON NOTIFICATION WAS HELPFUL TO MAINTAIN ATMOSPHERE FOR CONTINUED SEARCH FOR OPPORTUNITIES FOR COMPROMISE. MONCAYO RESPONDED THAT THE MATTER OF GOE PUBLIC REACTION TO NOTIFICATION WAS STILL UNDER DISCUSSION AND THAT "IT'S THE ONLY RECOURSE WE HAVE AND WE ARE WORKING AGAINST THE CLOCK," A REFERENCE TO THE 120-DAY PERIOD PRIOR TO AN AID DEDUCTION. CONTINUING ON THIS SUBJECT, HE SAID GOE BELIEVES USG POLICY IS NECESSARILY UNDEFINED AT THIS TIME, WITH APPOINTMENT OF NEW SECRETARY OF STATE. GOE WOULD LIKE TO WAIT AND SEE SOME CLEAR SIGNALS OF USG DETERMINATION TO EMBARK ON NEW POLICY INITIATIVES TOWARD LATIN AMERICA, SPECIFICALLY ABANDONING DVIIBTIONS APPROACH, WHICH WOULD GIVE HOPE FOR SHARPLY IMPROVED RELATIONS. HE IMPLIED THAT IN THE ABSENCE OF SUCH AN APPROACH GOE WOULD HAVE NO COURSE BUT TO PRESS ITS GRIEVANCES. QUESTION WAS, HOW LONG WOULD IT TAKE FOR US POLICY TO BEREDefined.HE PRESSED FOR SOME INDICATION OF TIME FRAME IN WHICH ANY NEW US POLICIES ON FISHERIES SANCTIONS MIGHT EMERGE. CHARGE SAID HE WAS UNABLE TO RESPOND TO SUCH A QUESTION.

3. EXPANDING ON ECUADOREAN VIEW OF US POLICY, MONCAYO SAID IT IS SEEN AS FUNDAMENTALLY HOSTILE TOWARD ECUADOR IN ITS MAJOR ASPECTS, AND UNTIL THIS CHANGES NO IMPROVEMENT IN RELATIONS CAN BE EXPECTED. HE WAS MOST SPECIFIC IN RESPONDING TO CHARGE'S OBSERVATIONS ABOUT LONG-STANDING DIFFERENCES IN FISHERIES POLICY ADVOCATED BY THE EXECUTIVE AND THAT ENACTED BY THE CONGRESS, SAYING THAT HE REJECTED THIS ARGUMENT. HE SAID ECUADOR MUST DEAL WITH THE REALITY OF US POLICY, WHICH HAS BEEN ENACTED BY CONGRESS AND CARRIED OUT BY THE EXECUTIVE. THE EXECUTIVE HAS NOT VISIBLY ADVOCATED ABOLITION OF THE SANCTIONS APPROACH WHICH IS UNACCEPTABLE TO ECUADOR.
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CHARGE OBSERVED US HAD CONSCIOUSLY TRIED TO ISOLATE FISHING DISPUTE FROM OTHER ASPECTS OF OUR RELATIONS, WHILE SEEKING

INTERIM SOLUTION TO DISPUTE. MONCAYO ACKNOWLEDGED THIS, BUT SAID THAT POLICY OF ISOLATING DISPUTE CANNOT WORK BECAUSE OTHER ELEMENTS OF OUR RELATIONS, SUCH AS AID LOANS, ARE INEVITABLY DRAWN IN.

4. IN RESPONSE TO QUESTIONS ON STATUS OF NEW ECUADOREAN FISHING LEGISLATIONS, MONCAYO RESPONDED IT NOW IN LEGISLATIVE COMMISSION AND WOULD BE READY TO GO TO PRESIDENT IN A FEW DAYS. AT THAT TIME PRESIDENT COULD PROMULGATE IT OR DEFER IT FOR FURTHER STUDY. HE SAID THE SPECIFIC SANCTIONS TO

BE INCLUDED IN THE LAW FOR UNLICENSED FISHING STILL UNDER DISCUSSION. MONCAYO NOTED THAT FONOFF HAD ADVOCATED DELAY IN PROMULGATION OF THE LAW, ARGUING THAT IT WOULD BE UNDESIRABLE TO TAKE SUCH A MEASURE WHILE THERE WAS A PROSPECT OF DISCUSSIONS OF RESOLUTION OF FISHING DISPUTE WITH US. WHEN ASKED IF CONSIDERATIONS OF CONFLICTS WITH A POSSIBLE LOS CONVENTION HAD ALSO INFLUENCED FONOFF THINKING, HE DENIED IT. HE SAID ECUADOR ANTICIPATED THAT AN EVENTUAL CONVENTION WOULD HAVE PROVISIONS COVERING JURISDICTION ALONG LINES OF PERU-ECUADOR-PANAMA PROPOSAL INTRODUCED AT RECENT GENEVA CONFERENCE. IF DIFFERENT PROVISIONS WERE FINALLY AGREED TO, ECUADOR WOULD MAKE ITS LAWS CONFORM TO THEM.

5. IN DISCUSSING HOW IT MIGHT BE POSSIBLE TO PAVE THE WAY FOR AN INTERIM SETTLEMENT OF FISHING DISPUTE, MONCAYO SAID ONE WAY IN WHICH USG COULD SHOW IT WAS SERIOUSLY INTERESTED IN MATTER OF PARAMOUNT IMPORTANCE TO ECUADOR, DESPITE EXISTENCE OF DISPUTE, WOULD BE TO HELP WITH DEVELOPMENT OF FISHING INDUSTRY, AS SPAIN, POLAND AND THE USSR HAVE DONE. CHARGE OBSERVED WE HAD MADE INTENSIVE EFFORTS TO INTEREST US PRIVATE SECTOR IN FISHERIES INDUSTRY PROJECTS, WITH LITTLE RESPONSE. ANY US PRIVATE SECTOR PROJECT WOULD PRESUMABLY BE ELIGIBLE FOR EXIMBANK FINANCING. MONCAYO WONDERED IF THE FISHING INDUSTRY PROJECTS WERE NOT SUITABLE FOR AID FINANCING. CHARGE ASKED IF HE DID NOT THINK THIS WAS ASKING A LOT IN TERMS OF THE POLITICAL LIABILITIES WHICH THE AID PROGRAM WOULD INCUR. HE RESPONDED WITH SOME EMOTION: THAT'S JUST EXACTLY WHAT WE WANT TO SEE--WE WANT YOU TO TAKE
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SOME ACTION ON ECUADOR WHICH INVOLVES POLITICAL RISK. HE ALSO USED THIS AS AN EXAMPLE OF HOW FISHERIES DISPUTE COULD NOT BE ISOLATED FROM OTHER ASPECTS OF OUR RELATIONS.

6. COMMENT: MONCAYO MADE IT QUITE CLEAR ECUADOR WANTS MORE ATTENTION FROM THE US AS ITS PRICE FOR IMPROVED RELATIONS. ALSO, THAT THIS ATTENTION WOULD HAVE TO BE IN THE FORM OF SUBSTANTIVE CHANGES IN US SANCTIONS POLICY.

7. THE GOE IS UNDOUBTEDLY NOW AWARE THAT US HAS LIFTED FMS SUSPENSION FOR PERU, AND LACK OF SIMILAR TREATMENT PROBABLY RANKLES. WITH GOE SERIOUSLY CONSIDERING MAJOR ARMS PURCHASES, WE SUSPECT UNILATERAL LIFTING OF FMS SUSPENSION PLUS ASSURANCE OF NO AID DEDUCT WOULD BE ENOUGH INCENTIVE FOR GOE TO BE MORE FLEXIBLE ON FISHING DISPUTE.
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